

Vision: July 2011

Verité up close:

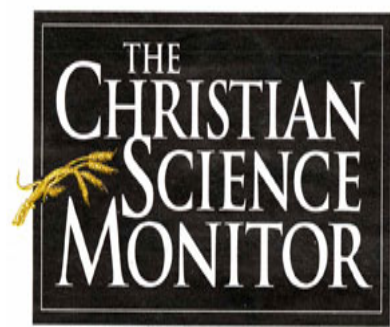


The work we do at Verité can be complex, and is often sensitive, if not confidential. So explaining ourselves to the press is occasionally a challenge—but one we eagerly take on. Telling the story of how brands, suppliers, governments and NGOs can work together to prevent worker endangerment and exploitation is a crucial piece of our mission.

I am happy to share the following recent press coverage of Verité, including three articles written by staffers for publication.

Thanks for reading,

Dan Viederman, CEO



[Helping companies stand up to worker exploitation](#)

'Help Wanted' gives companies, unions, NGOs, and governments tools for ending exploitation of workers.

By Rachel Cernansky



[A publication of the Carnegie Council](#)

In Defense of Fair Hiring: Verité launches a toolkit for the ethical recruitment of migrant workers.

By Erin Klett, Special Projects Manager, Verité



THE BUSINESS REVIEW
FOR SUPPLY LEADERS

[The Business Review for Supply Leaders](#)

Weeding out exploitation Can you be sure that your sourcing does not exploit workers in your supply chain?

By Dan Viederman, CEO, Verité



[A decent work management system by any other name - 5 lessons](#)

By Lydia Long, Director of Programs, Verité



[TRAFFICKED on Here Women Talk Radio, with host Dottie Laster](#)

With Shawn MacDonald, Senior Advisor, Verité, speaking about the [Fair Hiring Toolkit](#)



[Research Featured on verite.org](#)



[Human Rights Forum](#)

From the Field

In Defense of Fair Hiring:

By Erin Klett, Special Projects Manager

Migrant workers on temporary contracts work in greater and greater numbers in the world's factories and fields. Often they have traveled thousands of miles and across national borders for jobs that are, truly, a blessing—providing better work at better rates of pay than they could have found at home.

But in too many cases these workers endure human trafficking and forced labor. These abuses can be traced back to how they were recruited and hired into their jobs.

Most migrants on temporary work contracts, and particularly those in lower-skilled jobs, were not recruited or hired directly by their employer. They were connected with their jobs abroad through one or more labor intermediaries—commonly referred to as labor brokers.

While labor brokers can be a boon to aspiring migrant workers and business efficiency, there are more than a few bad apples. Brokers often charge excessively high fees for their services,

ranging in Verité's experience from a few thousand dollars to tens of thousands. They also frequently misrepresent the job terms and salary to the jobseeker.

In this "bait and switch" scheme, a jobseeker wagers that paying a high fee is worth it, given how much he'll make once he gets abroad. So he borrows the money, pays the fee, and takes the leap.

Ethical sourcing is not complete unless fair hiring is in place. By the time he discovers that the job pays much less than promised, it is too late. He is already heavily in debt, stuck on a temporary work visa that ties him to a job he didn't want, vulnerable to further exploitation, and with little or no recourse either to the employer or to the broker who deceived him.

Take for example Benny, whom Verité met while doing research in the Philippines: Benny graduated from a four-year computer school and was unable to find work. He borrowed money to pay a recruiter for a job in an IT factory in Taiwan. When Benny got to Taiwan, he discovered that his recruitment debt had been increased by 150 percent, and his salary was only half what he had been expecting.

Benny worked six to seven days a week, 12 hours a day, with mandatory overtime for two years. When his contract was up, he returned home having barely dug himself out of the recruitment debt. With no savings and his family reeling from a storm that flooded their home, Benny is desperate enough to return to Taiwan to try again. This time, he says he hopes to go with an "honest" recruiter.

Examples like this make it clear that any policy or program to protect migrant workers is not complete unless it includes a focus on the path that workers take to get a job in the global economy. Social responsibility efforts and government policy both need to be broadened to take issues of ethical recruitment and hiring, and the role of labor brokers, into account. Ethical sourcing—a watchword among brands—is not complete unless fair hiring is in place.

A Fair Hiring Toolkit

This June, Verité launched the [The Fair Hiring Toolkit](#)—a clearinghouse of information, tools, and techniques for taking action to manage labor brokers and protect migrant workers from exploitation in recruitment and hiring. Verité developed this material based on our more than ten years of experience in the factories and farms where migrants work.

The Fair Hiring Toolkit provides resources not only for companies—including both the buyers and suppliers of goods—but also for governments, investor groups, social auditors, labor rights advocates, and multi-stakeholder initiatives. The Toolkit aims to galvanize these stakeholder groups to action, and to coalesce their efforts around a common set of issues that must be addressed.

The Toolkit begins with a set of policies and benchmarks that companies can adopt as a starting point to ensure ethical recruitment and hiring practices. It then goes deeper, demonstrating how a company can integrate these ethical recruitment policies into its management systems and those of its labor brokers. The Toolkit also encourages and provides recommendations on how

companies can collaborate with public policy actors, labor advocates, multi-brand and multi-stakeholder groups, and others.

Because of unethical and opaque hiring practices, virtually all companies that employ migrants face the risk of labor exploitation—and even forced labor—in the production of their goods. Yet despite the severity and magnitude of the problem, only a few companies have tried to understand and resolve these issues within their supply chains. Those that work on the issue generally do not talk publicly about it for fear of harming their reputations.

The Apple Example

Over the years, though, Verité has forged partnerships with a handful of forward-thinking brands to move toward fair hiring, by monitoring working conditions at farms and factories, and also evaluating the performance of labor brokers involved in recruiting, hiring, or managing migrant workers.

The first step for all companies on the path to fair hiring is understanding the problems that workers face. Apple started with the discovery, through a 2008 workplace assessment, that migrant workers were paying excessive fees to get jobs at Apple suppliers. The company then conducted a thorough investigation, the results of which pointed to a complex recruitment process and excessive fees charged to migrant workers who were making the company's products.

Unethical hiring practices had led to risks of involuntary labor and debt bondage at the workplace. Apple used the findings from the investigation to identify and prioritize the steps necessary to right wrongs and ensure the problem did not repeat itself.

Apple now has extensive code language on issues that relate to the trafficking and forced labor of migrant workers. The company has also set a limit—one month's pay—on recruitment fees that brokers in its supply chain are permitted to charge to jobseekers. It put in place new social auditing procedures, a supplier training program on direct hiring, onsite management of foreign workers, and best practices in monitoring recruitment agencies.

Finally, Apple has pioneered the practice of returning fee overcharges to workers. Since 2008, Apple has returned more than \$3.4 million in overcharges, amounting to thousands of dollars per worker in some cases.

No Company in the Dark

Leveraging the tools in Verité's [Fair Hiring Toolkit](#), this path is open to all other brands and their suppliers. The Toolkit is the first set of resources to offer the depth and breadth of action necessary for a comprehensive approach, for a variety of stakeholder groups. It is also the first web-based, totally open-source clearinghouse of its kind.

In the words of Verité's CEO Dan Viederman, the Toolkit "basically means that no company can say they are in the dark about how to rid their supply chains of forced labor or slavery, or work around abuses by labor brokers."

Verité's Toolkit recognizes that first, companies need concrete advice on how to expand social responsibility beyond the workplace to where jobs begin, in recruitment and hiring, and second, that nothing less than a 360-degree approach to the problem—where stakeholders with various leverage points and spheres of influence work individually or in concert to reward good brokers, penalize bad ones, and protect migrant workers from abuse—will bring the results that migrant workers deserve.

This article first appeared in [Policy Innovations](#).

What We're Talking About



[ICCR's Social Sustainability Resource Guide](#)

This useful report from our friends at the Interfaith Center on Corporate Responsibility does a great job of presenting situations where companies have addressed the impact of their “corporate responsibility” activities.

This is a big need. Verité’s efforts in this arena have focused on ensuring that companies have an overall ‘theory of change’ for their supply chain human rights work, and connect that theory of change with their day to day efforts to improve working conditions. Clients have recently shown interest in adopting a long-term, impact-oriented approach (though admittedly only a few of them). Our next step is to demonstrate how such an approach leads to great effect and also reduced use of resources. We’ll come back in this space to share learning over the next few months.

Latest Research

Forced labor among foreign contract workers in the UAE

As part of Verité’s ongoing research for the [Emerging Markets Research Project](#), we found that migrant workers were subjected to routine labor rights violations by employers, often rising to the level of forced labor. We uncovered employers leveraging the threat of deportation to force workers to accept poor working conditions and contract violations. Additionally, freedom of movement was found to be severely restricted because workers were required to surrender their

passports to employers to receive a work permit. Of migrant workers surveyed by Verité in the United Arab Emirates (UAE), 100 percent reported that their passports had been withheld by their employers. The U.S. Department of State reported in 2010 that foreign workers often did not receive their wages for extended periods, meaning that any attempt to leave their position would effectively forfeit wages earned. Verité considers this a mechanism of coercion and an indicator of forced labor.

Many workers enter the UAE through labor brokers who charge excessive fees. The ensuing debt leaves them at risk of debt bondage. Workers also report receiving false visas from brokers and being arrested by authorities upon arrival. The State Department reports that particularly low-skilled workers are victims of contract switching, a method in which they are offered and accept a specific contract prior to departure, but after deployment, receive a labor card for an alternate position to which they never agreed.

INSIGHT

At a garment factory in India, a manager reportedly uses the facility's public address system to call workers "brainless people."

[\[more\]](#)

IMPACT

7/11: 11,487 electronics workers have seen improvements in their working conditions

A large electronics company that sources products for sale in the US from Southeast Asia and China has been working with Verité to require factories to follow local law, improve working conditions, and achieve compliance with the Electronics Industry Code of Conduct (EICC). Verité's work with factories has so far resulted in reduction of illegally high work hours, workers being paid legal overtime wages, greater conformance to the EICC, and implementation of management systems for long-term, sustainable compliance. At least 11,487 workers have seen improvements in their working conditions.